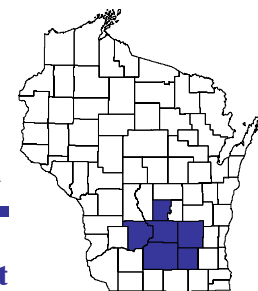


WORKFORCE OBSERVATIONS

for the South Central Wisconsin counties
Columbia, Dane, Dodge, Jefferson, Marquette and Sauk



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Quick notes:

- > Population projections suggest that the 50- to 64-year-old cohort will become a much larger share of the working age (15 to 64-year-old) population between 2005 and 2015.
- > Employer reports from 2001 through 2005 show that the number of workers in the 25 to 34 cohort is stagnant, while the number of workers in the 35 to 44 cohort falls.
- > Meanwhile, the number of workers in the 45 to 54 cohort is increasing, as is the number of workers in the 55 to 64 cohort.
- > As more baby boomers pass their mid fifties, their declining labor force participation rates will eventually push down the number of older workers.

An aging workforce: challenges and opportunities

Introduction

Since 1963, each year the President has proclaimed May to be Older Americans month. This issue of the *Workforce Observations* will examine population cohorts that belong to or will soon belong to this important group.

Some commentators suggest that underfunded retirement plans, rising health care costs, longer life expectancy and increasingly fierce debates over Social Security and Medicare will encourage baby boomers to work longer than their predecessors. For the latter half of the twentieth century each generation of workers tended to retire earlier than preceding generations. Even if this trend were to change, it would take an extraordinarily dramatic and sustained trend reversal to come close to compensating for the absolute numbers of people approaching traditional retirement ages.

Population Projections

The graph below shows what share of each county's working-age population (which it defines as 15 to 64 years old) is 50 to 64 years old. While labor force participation does not fall as sharply at 55 as it does at 65, significant declines in labor force participation generally do begin as a cohort reaches its mid-fifties. (More on this later.)

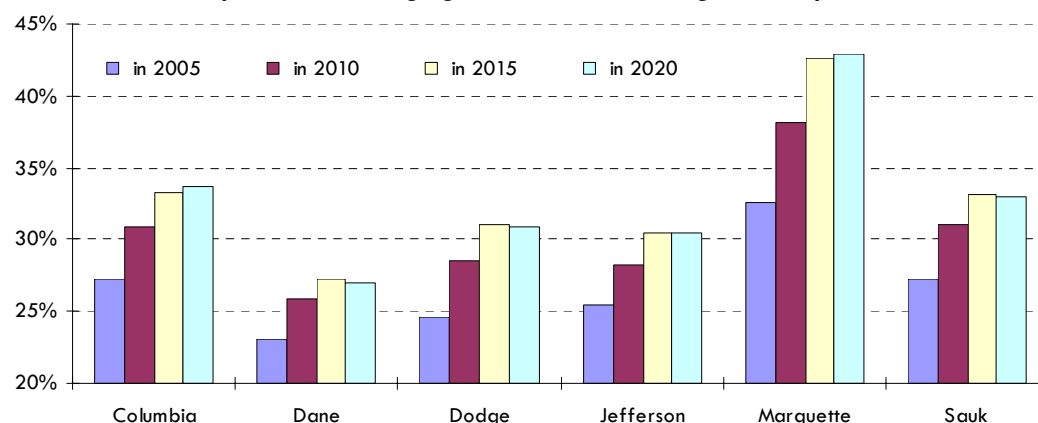
Marquette County's columns in the graph below are far higher than Dane County's columns, meaning that a larger share of Marquette's working-age population will be 50 to 64 years old and therefore potentially increasing employers' staffing and recruiting challenges. Dane County employers should remember how much they rely on commuters from neighboring counties and should notice that every county in the region (including Dane) will see 50- to 64-year-olds become a bigger share of the working-age population.

The graph shows most of the increase occurs between 2005 and 2015 with much milder changes between 2015 and 2020. This reflects baby boomers passing from the later working years into the early retirement years, when their labor force participation rate is likely to fall further.

Evidence from today's workforce

For readers who are not persuaded by historical retirement trends or population projections, we can turn our attention to the most current data available from the Census Bureau's Local Employment Dynamics program. The graph at the top of page 2 shows that the last four years have not seen significant increases in the number of South Central Wisconsin workers

Proportion of working-aged residents (15-64), aged 50-64 years



Source: Wisconsin Department of Administration, Demographic Services Center

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in any age group under 45. In particular, the number of workers between the ages of 35 and 44 has fallen from 101,928 in the first quarter of 2001 to 97,183 in the first quarter of 2005. Over the same time period, the number of workers aged 55 to 64 years grew from 36,607 to 49,258. This reflects large numbers of baby boomers reaching and passing the age of 55. As more of them cross the 60 borderline, their falling labor force participation will overtake their larger numbers to shrink the number of available workers in the 55- to 64-year-old cohort. The proof of this is in the fact that year-to-year increases in the number of 55- to 64-year-old workers is small in comparison to the gap between the numbers of 45- to 55-year-old workers and the numbers of 55- to 64-year-old workers. This is why it would take a sharp and sustained reversal of long-established historical trends to compensate for the large numbers of people approaching traditional retirement ages.

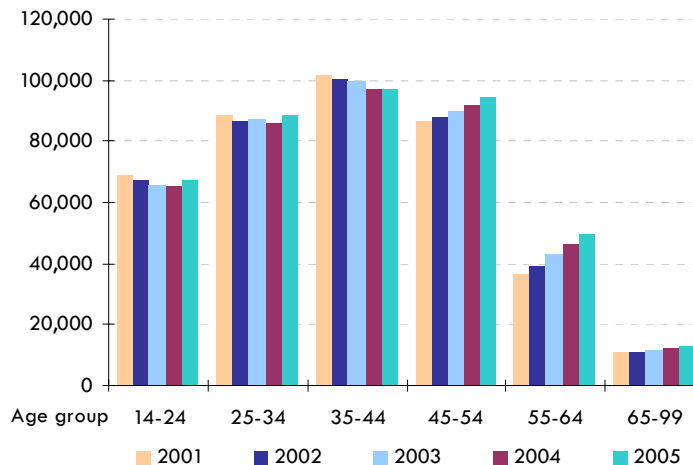
Hard-hit occupations

Older workers are particularly important to some occupations. In the graph to the right, horizontal bars show how many South Central Wisconsin workers in each occupation were 50 to 64 years old as of the 2000 Census. The column further right indicates what proportion of the occupation's total workforce the 50- to 64-year-old workers constitute.

In South Central Wisconsin, 2,947 secretaries and administrative assistants (29 per cent of the occupation's total) and 1,235 office clerks (26 percent of the occupation's total) were 50 to 64 years old. Dealing with computing and communications advances very directly, clerical and administrative professionals know as much as anyone about how their employers deal with change.

Economic trends such as trade and technology are redoubling the emphasis on education and training. In 2000, South Central Wisconsin had 2,317 elementary & middle school teachers and 1,841 postsecondary teachers between the ages of 50 and 64. Remote rural and diverse inner city districts often face more severe funding and recruiting challenges than affluent suburban districts.

Age of South Central Area Workers in First Quarter



Source: U.S. Census Bureau, Local Employment Dynamics

The aging population seen on page 1 will drive up demand for health care just as 2,196 (or 30%) of the area's registered nurses and 1,078 (or 18%) of the area's nursing, psychiatric & home health aides approach traditional retirement age. Long, odd hours and physical de-

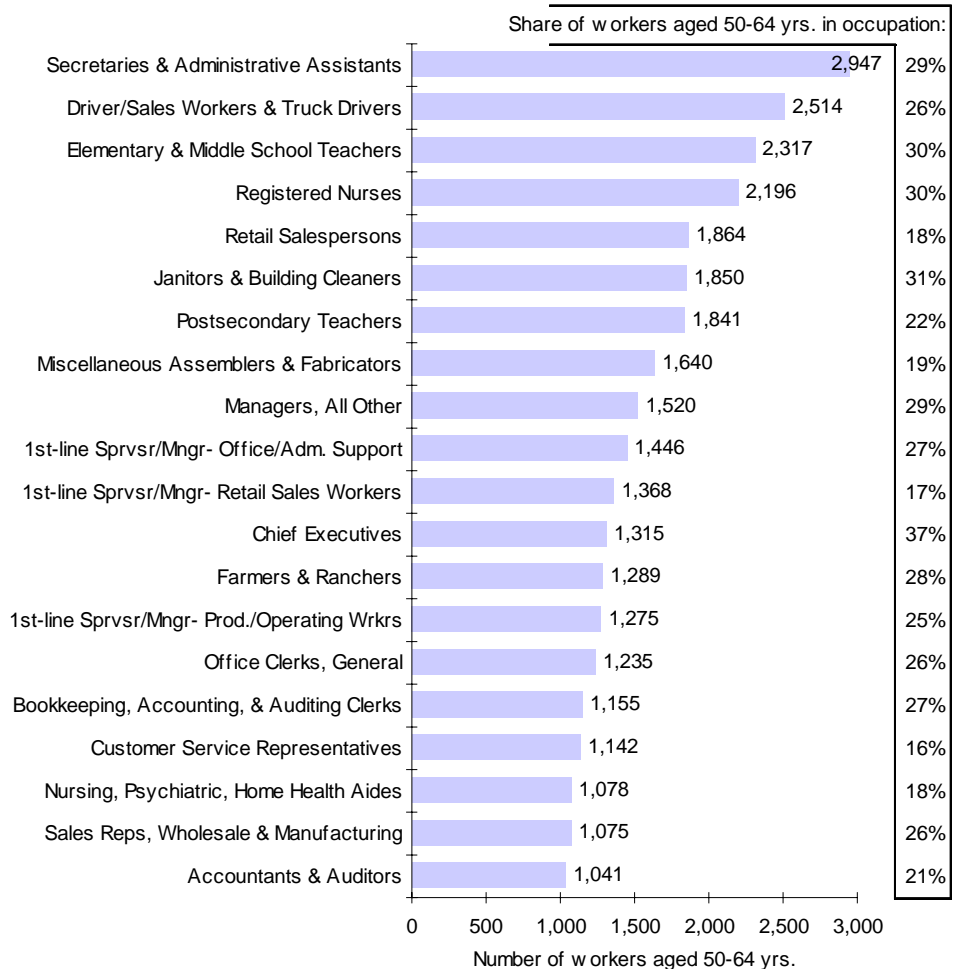
mands can make it difficult to convince healthcare workers to delay retirement. Higher turnover among younger workers and the increasing importance of nurses aides and home health aides suggest that these figures might not fully capture the challenges ahead.

Opportunities

Some employers will stay ahead of their competitors by addressing the onslaught of retirements by planning for succession and mentoring younger workers to fill their elders' shoes. Some employers will find niches in providing training and staffing services

that facilitate transitions. Some employers will provide services of particular interest to older residents. Some employers will use technology, trade and outsourcing to do more with fewer local workers. Though potentially critical, the role of migration is unclear.

Occupations with many South Central Wisconsin workers 50 to 64 years old



Source: US Census 2000, Public Use Microdata file

In **Columbia County**, the unemployment rate did not rise as fast or as high as it usually does in the late autumn or early winter of 2005, so it was well below its typical levels for the first three months of 2006.

The unemployment rate in **Dane County** remained somewhat above its typical levels for the first three months of 2006. To put this in perspective, these rates were still quite low relative to most Wisconsin counties' rates and were not as far above typical levels as most of the preceding nine months' rates.

The Madison Metropolitan Statistical Area (which includes Columbia, Dane and Iowa counties) has seen strong growth in its manufacturing employment estimate over the last six months. Strength in wholesale trade employment estimates was not enough to make up for softness in retail trade estimates in the first quarter. Construction employment estimates held even steadier this winter than they had the previous two winters and continued to look firm through March. First quarter financial activities employment estimates were far rosier in 2005 - and even in a bit more encouraging in 2004 than in 2005.

While still above its typical level, **Dodge County's** unemployment rate did not rise as quickly or peak as high as it usually does in the first quarter. The rate was closer to its typical level in the first three months of 2006 than it had been in the previous nine. Compared to their counterparts one year earlier and two years earlier, recent manufacturing estimates reflect a bit less seasonal fluctuation. The autumn peak was earlier and less dramatic and subsequent declines in winter and spring were much gentler. Education & health employment estimates have seen a flatter trend over the last twelve months than over the previous twelve. Leisure & hospitality employment estimates were lower in the first quarter of 2006 than in the first quarter of 2005 or 2004.

In **Jefferson County**, the December unemployment rate rose more slowly than it usually does and the January rate compensated by rising more quickly. February and March rates were more in line with most of the rest of 2005. Manufacturing employment estimates have been flatter over the last twelve months than they were over the previous twelve or the twelve months before that.

The first quarter of 2006 saw lower leisure & hospitality employment estimates than the first quarter of 2005 or 2004.

The unemployment rate in **Marquette County** did not rise as high or as fast this winter as it usually does, so the rate for this March was lower than the rate for last March. Information, professional & business services and other services employment estimates have a much flatter trend over the last twelve months than the twelve before or the twelve months before that.

From May through December 2005, **Sauk County's** unemployment rate followed typical seasonal trends relatively closely, hovering just above its typical levels. In the first quarter of 2006, the rate did not rise as fast or as high as it usually does, so it was below its typical levels. Autumn and winter declines in manufacturing employment estimates were milder this year than the year before or the year before that. In the fourth quarter of 2005, leisure & hospitality employment estimates were well above their year-ago levels, but first quarter 2006 estimates were levels from one year ago and two years ago.

South Central Wisconsin Unemployment Rates: Typical and Actual (not seasonally adjusted)

		Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Jan 2006	Feb 2006	Mar 2006
Columbia County	Actual	5.3%	4.4%	4.0%	4.2%	3.9%	3.7%	3.5%	3.6%	4.4%	4.7%	5.2%	5.9%	5.5%
	Typical	6.9%	5.5%	4.6%	4.8%	4.1%	3.9%	3.7%	3.8%	4.8%	5.1%	6.6%	7.0%	6.9%
	Difference	- 1.6%	- 1.1%	- 0.6%	- 0.6%	- 0.2%	- 0.2%	- 0.2%	- 0.2%	- 0.4%	- 0.4%	- 1.4%	- 1.1%	- 1.4%
Dane County	Actual	3.4%	3.1%	3.1%	3.5%	3.2%	2.9%	2.8%	2.6%	2.9%	2.7%	3.1%	3.6%	3.4%
	Typical	2.8%	2.3%	2.2%	2.6%	2.3%	2.2%	2.0%	1.9%	2.0%	2.0%	2.6%	2.8%	2.8%
	Difference	0.6%	0.8%	0.9%	0.9%	0.9%	0.7%	0.8%	0.7%	0.9%	0.7%	0.5%	0.8%	0.6%
Dodge County	Actual	5.8%	4.8%	4.5%	5.2%	4.8%	4.6%	4.2%	4.0%	4.5%	4.6%	5.1%	5.9%	5.6%
	Typical	5.4%	4.4%	4.0%	4.5%	4.3%	4.0%	3.4%	3.5%	3.8%	3.8%	4.9%	5.5%	5.4%
	Difference	0.4%	0.4%	0.5%	0.7%	0.5%	0.6%	0.8%	0.5%	0.7%	0.8%	0.2%	0.4%	0.2%
Jefferson County	Actual	5.5%	4.4%	4.2%	4.4%	4.1%	3.7%	3.6%	3.3%	3.8%	4.2%	4.6%	5.4%	5.2%
	Typical	4.9%	4.1%	3.7%	4.1%	3.7%	3.5%	3.3%	3.1%	3.3%	3.5%	4.6%	5.0%	4.9%
	Difference	0.6%	0.3%	0.5%	0.3%	0.4%	0.2%	0.3%	0.2%	0.5%	0.7%	0.0%	0.4%	0.3%
Marquette County	Actual	8.4%	6.7%	5.6%	5.7%	5.2%	4.8%	4.5%	4.5%	5.5%	6.2%	7.1%	8.0%	7.6%
	Typical	9.5%	7.4%	5.9%	6.0%	4.9%	4.7%	4.4%	4.8%	6.3%	7.2%	9.3%	9.8%	9.5%
	Difference	- 1.1%	- 0.7%	- 0.3%	- 0.3%	0.3%	0.1%	0.1%	- 0.3%	- 0.8%	- 1.0%	- 2.2%	- 1.8%	- 1.9%
Sauk County	Actual	5.7%	4.6%	4.0%	4.0%	3.7%	3.4%	3.4%	3.5%	4.1%	4.7%	5.1%	5.9%	5.5%
	Typical	6.1%	4.7%	3.8%	3.9%	3.4%	3.3%	3.2%	3.3%	4.0%	4.5%	5.8%	6.3%	6.1%
	Difference	- 0.4%	- 0.1%	0.2%	0.1%	0.3%	0.1%	0.2%	0.2%	0.1%	0.2%	- 0.7%	- 0.4%	- 0.6%

** Includes labor force participants residing in area. Estimates are **NOT** seasonally adjusted. Current month estimates are preliminary and subject to revision. Numbers 2,000 and greater are rounded to nearest 100. Numbers under 2,000 are rounded to nearest 10. Sub-units may not add to totals due to rounding. Calculations are based on unrounded numbers. Results are rounded. For more information call (608) 242-4885 or email dan.barroilhet@dwd.state.wi.us.

South Central Wisconsin Employment-by-Industry Estimates - not seasonally adjusted

	Wisconsin			Madison MSA <small>includes Columbia, Dane and Iowa counties</small>		
	Jan-Mar 2006 average	Change from Jan- Mar 2005	Change from Jan- Mar 2005	Jan-Mar 2006 average	Change from Jan- Mar 2005	Change from Jan- Mar 2005
Total jobs, all industries*	2,806,300	0	1.4%	342,400	0	2.0%
Const., min'g & nat. resources	124,300	0	8.5%	16,100	1,030	6.9%
Manufacturing	502,200	0	0.8%	33,500	1,830	5.8%
Trade (w wholesale & retail)	425,800	0	0.6%	50,700	- 400	- 0.8%
Transport, Wrhsing, Utilities	102,900	- 3,070	- 2.9%	8,600	200	2.4%
Financial activities	157,200	- 870	- 0.5%	28,800	- 130	- 0.5%
Education & health services	391,000	0	3.2%	35,200	1,400	4.1%
Leisure & hospitality	249,300	0	6.0%	27,600	- 630	- 2.2%
Info, prof, bus. & other srvcs	436,200	170	0.0%	61,500	0	5.5%
Government	417,400	- 970	- 0.2%	80,500	370	0.5%
	Dodge			Jefferson		
	Jan-Mar 2006 average	Change from Jan- Mar 2005	Change from Jan- Mar 2005	Jan-Mar 2006 average	Change from Jan- Mar 2005	Change from Jan- Mar 2005
Total jobs, all industries*	34,800	670	2.0%	36,600	500	1.4%
Const., min'g & nat. resources	2,100	- 10	- 0.4%	1,530	90	6.6%
Manufacturing	10,900	390	3.7%	10,500	- 40	- 0.4%
Trade (w wholesale & retail)	4,400	140	3.4%	6,000	90	1.6%
Transport, Wrhsing, Utilities	880	- 10	- 1.0%	1,230	20	1.7%
Financial activities	850	30	3.3%	1,000	20	1.6%
Education & health services	4,400	70	1.6%	4,000	- 120	- 3.0%
Leisure & hospitality	2,100	- 50	- 2.2%	2,900	- 40	- 1.4%
Info, prof, bus. & other srvcs	3,700	120	3.3%	5,000	180	3.7%
Government	5,500	- 20	- 0.3%	4,400	300	7.3%
	Marquette			Sauk		
	Jan-Mar 2006 average	Change from Jan- Mar 2005	Change from Jan- Mar 2005	Jan-Mar 2006 average	Change from Jan- Mar 2005	Change from Jan- Mar 2005
Total jobs, all industries*	3,900	40	1.0%	36,000	950	2.7%
Const., min'g & nat. resources	110	0	- 0.1%	1,910	160	8.8%
Manufacturing	1,250	10	0.6%	7,000	310	4.7%
Trade (w wholesale & retail)	460	10	2.5%	6,100	- 190	- 3.0%
Transport, Wrhsing, Utilities	40	0	0.2%	640	0	- 0.4%
Financial activities	140	10	5.3%	2,000	90	4.9%
Education & health services	300	0	- 0.3%	3,600	110	3.0%
Leisure & hospitality	380	0	0.5%	5,900	- 230	- 3.7%
Info, prof, bus. & other srvcs	400	20	6.6%	2,800	- 80	- 2.8%
Government	820	- 10	- 1.7%	5,900	780	15.3%

*Includes jobs with employers in area. Estimates are NOT seasonally adjusted. Current month estimates are preliminary and subject to revision.
 Numbers 2,000 and greater are rounded to nearest 100. Numbers under 2,000 are rounded to nearest 10. Sub-units may not add to totals due to rounding.
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